

CONSUMER FINANCE NEWS

Vol. 34

NOVEMBER 1949

No. 5



I. L. BRISBIN

MAX P. SHELTON

AT INAUGURAL CEREMONIES

NATIONAL ORGANIZATION, 1949-1950

I. LEHR BRISBIN, *President and Chairman of the Board*
1428 South Penn Square, Philadelphia 2, Pa.

BARNEY J. LENIHAN, *Vice President*
Marion E. Taylor Building, Louisville 2, Ky.
PAUL L. SELBY, *Executive Vice President*
315 Bowen Building, Washington 5, D. C.

CHARLES A. DOUGHERTY, *Treasurer*
538 Carman Street, Camden 3, N. J.
EVELYN BERKELEY, *Secretary*
315 Bowen Building, Washington 5, D. C.

EXECUTIVE COMMITTEE

THOMAS D. GRIFFIN, *Chairman*

D. L. BARNES, I. L. BRISBIN, A. K. DOLLIVER, B. E. HENDERSON, L. J. INGRAM, B. J. LENIHAN, C. T. MACDERMOTT, R. E. VESTER

BOARD OF DIRECTORS

I. LEHR BRISBIN, *Chairman*
1428 South Penn Square, Philadelphia 2, Pennsylvania
DONALD L. BARNES
1112 Ambassador Building, St. Louis 1, Missouri
WILBUR A. BEAN
112 State Street, Albany, New York
THEODORE N. BURKE
709 Chestnut Street, Philadelphia 6, Pennsylvania
WILLIAM T. CHRISTIAN
919 North Michigan Avenue, Chicago 11, Illinois
ANDREW T. COYLE
300 Guaranty Building, Indianapolis 4, Indiana
ALAN K. DOLLIVER
200 West Ninth Street, Wilmington 43, Delaware
CHARLES A. DOUGHERTY
Broadway at Carman Street, Camden 3, New Jersey
CHARLES A. GERHARDT
155 East 44th Street, New York 17, New York
M. L. GOEGLEIN
621 South Hope Street, Los Angeles 14, California
THOMAS D. GRIFFIN
105 West Madison Street, Chicago 2, Illinois
JOSEPH R. GWINN
320 Olds Tower Building, Lansing 8, Michigan
JOHN H. HENDEE
3502 West North Avenue, Milwaukee 8, Wisconsin

BYRD E. HENDERSON
919 North Michigan Avenue, Chicago 11, Illinois
LEO HEYMANN
1247 Canal Building, New Orleans 12, Louisiana
LEON J. INGRAM
1506 Buckeye Building, Columbus 15, Ohio
BARNEY J. LENIHAN
Marion E. Taylor Building, Louisville 2, Kentucky
CHARLES T. MACDERMOTT
34 Mechanic Street, Worcester 8, Massachusetts
HAROLD E. MACDONALD
919 North Michigan Avenue, Chicago 11, Illinois
WARD R. MCALISTER
502 Wasatch Oil Building, Salt Lake City 1, Utah
RICHARD E. MEIER
405 Sycamore Street, Evansville 8, Indiana
MAX P. SHELTON
606 Arcade Building, St. Louis 1, Missouri
ALBERT P. SNITE
111 West Washington Street, Chicago 2, Illinois
WALLACE C. TINSLEY
805 Wallace S. Building, Tampa 2, Florida
RAY E. VESTER
303 Alderway Building, Portland 5, Oregon
DAVIS WEIR
402 Ring Building, Washington 6, D. C.

CHAIRMEN OF STANDING COMMITTEES

Law: LEO M. GARDNER, 910 Illinois Building, Indianapolis 4, Indiana. *Membership:* RAY E. VESTER, 303 Alderway Building, Portland 5, Oregon. *Public Relations:* WILLIAM T. CHRISTIAN, 919 North Michigan Avenue, Chicago, Illinois.

STATE ORGANIZATION

SECRETARIES OF STATE ASSOCIATIONS

ARIZONA—Richard Steinman, 243 N. 1st Ave., Phoenix.
CALIFORNIA—George D. Nickel, 1300 Ramona Rd., Arcadia.
COLORADO—R. W. Carmody, 1654 Welton St., Denver 2.
CONNECTICUT—T. M. Stanley, 410 Asylum St., Hartford 3.
FLORIDA—R. B. Flammer, 615 S. Highland Ave., Clearwater.
IDAHO—Willis Moffat, Box 1926, Boise.
ILLINOIS—Albert P. Snite, 111 W. Washington St., Chicago 2.
INDIANA—A. J. Sieloff, 723 Security Trust Bldg., Indianapolis 4.
IOWA—Homer Young, 310 Equitable Bldg., Des Moines.
KENTUCKY—H. M. Hardesty, Republic Bldg., Louisville.
LOUISIANA—Armand P. Guizerix, 1112 Maison Blanche Bldg., New Orleans.
MAINE—Philip Y. Storer, 565 Congress St., Portland.
MARYLAND—Alvin A. Kraft, 3303 Rhode Island Ave., Mt. Rainier.
MASSACHUSETTS—Thomas H. Hoare, 719 Beacon Bldg., Boston 8.
MICHIGAN—R. S. Taggard, 140 W. Cortland St., Jackson.

MINNESOTA—B. J. Rechiene, 600 Bremer Arcade Bldg., St. Paul 1.
MISSOURI—Rollin Williams, 215 Frisco Bldg., St. Louis.
NEBRASKA—R. W. Gohde, 112 S. 11th St., Lincoln.
NEW HAMPSHIRE—Perry S. Whiting, 944 Elm St., Manchester.
NEW JERSEY—John P. Bramer, 60 Wall St., New York 5, N. Y.
NEW YORK—John P. Bramer, 60 Wall St., New York 5, N. Y.
OHIO—Lloyd Laut, 38 S. Washington St., New Bremen.
OKLAHOMA—Eugene Ritter, 311 Hales Bldg., Oklahoma City 2.
OREGON—C. E. Benfeldt, 406 Morgan Bldg., Portland.
PENNSYLVANIA—G. J. Sexton, 5201 Chestnut St., Philadelphia.
RHODE ISLAND—Donald T. Maguire, 307 Main St., Pawtucket.
UTAH—J. T. Cole, 511 Walker Bank Bldg., Salt Lake City.
VERMONT—John M. Lancaster, 182 N. Main St., Barre.
VIRGINIA—D. J. Lund, 210 North Third Street, Richmond.
WASHINGTON—F. J. Gleason, 211 Douglas Bldg., Seattle.
WEST VIRGINIA—Louis Cohen, 3 Lewis Arcade, Huntington.
WISCONSIN—Lyle A. Kamradt, 735 N. Water St., Milwaukee.

PAUL L. SELBY

Editor

EVELYN BERKELEY

Associate Editor

Consumer Finance News

Published by the

NATIONAL CONSUMER
FINANCE ASSOCIATION

Washington, D. C.

Vol. 34 • No. 5

November • 1949

IN THIS ISSUE:

Page

ON THE COVER	2
The gavel changes hands	
EVERY SEVENTH FAMILY	2
Latest report on the movie	
FOOD FOR THOUGHT	3
Department of pertinent opinion	
OUR PROGRESS, PROBLEMS AND PROSPECTS	4
Part I of the keynote address at the convention	
WHERE ARE WE HEADED?	6
Excerpts from Senator Cain's banquet speech	
THE CONVENTION	7
A running account of events	
SEEN AT THE LOS ANGELES CONVENTION	8
Picture pages	
NEW BOARD MEMBERS ELECTED AT ANNUAL MEETING	11
A group of four	
PERSONALITIES	12
"The little man who wasn't there"	
TWENTY YEARS AGO IN THE NEWS	12
Quotes from <i>Industrial Lenders News</i> of November, 1929	
A GLANCE AT WHAT THEY ARE DOING	14
Keeping up with people and ideas	
FORMER BOARD MEMBER DIES	14
John L. Rush	
STATE ASSOCIATION ACTIVITIES	15
Massachusetts Pennsylvania Washington	
CASES IN CREDIT AND COLLECTIONS	16
Book review	
LETTERS RE COLLECTION OF FOREIGN ACCOUNTS	16
Interest in the subject continues	

**BUY YOUR
EXTRA
SAVINGS
BONDS
NOW**

CONSUMER FINANCE NEWS • The contents of Consumer Finance News are protected by copyright. Reproduction in whole or part, without express permission of the publishers, is forbidden. Copyright, 1949, by the National Consumer Finance Association—Published monthly by the National Consumer Finance Association. Publication office: 315 Bowen Building, Washington 5, D. C. Entered as second class matter at the post office, Washington, D. C., under the Act of March 3, 1879. Price \$2.00 per year. With the exception of official Association announcements, the National Consumer Finance Association disclaims responsibility for opinions expressed and statements made in articles published in this magazine.

On the Cover

Max P. Shelton installs I. Lehr Brisbin as president of National Consumer Finance Association. This photo was taken at the inaugural luncheon in the Ambassador Hotel at Los Angeles on September 30, 1949.

The annual elections were over. Mr. Shelton, as his concluding act, installed the new officers by presenting Charles A. Dougherty as treasurer, Evelyn Berkeley as secretary and assistant treasurer, Paul L. Selby as executive vice president, B. J. Lenihan as vice president of the Association, and then called the new President Brisbin to the lectern, delivered a brief but effective "charge," and presented the gavel, traditional symbol of office. It was a fitting climax to a successful administration by Shelton and an auspicious beginning for Brisbin, who responded with an admirable inaugural address.

In appreciation of his service to the Association, Past President Charles A. Gerhardt presented to Mr. Shelton, on behalf of the membership, a set of golf clubs and bag.



Executive Committee in Session, September 26, 1949

Clockwise: L. J. Ingram, R. E. Vester, A. K. Dolliver, T. D. Griffin, E. Berkeley, B. E. Henderson, M. P. Shelton, D. L. Barnes and P. L. Selby.

FOR FAIRS, TRADE SHOWS, EXPOSITIONS

and any other occasion where repeated showings of a short, 10-minute film is desirable,

WHO GETS THE CREDIT

is now available in 16mm for non-theatre showing.

Preliminary test runs have proved that *Who Gets the Credit* is the focal point of attention in a booth, is the right length for repeated showings, and may be viewed by as many as 50,000 people at a fair or exposition.

Ten 16mm prints are now available, rent free, through Modern Talking Picture Service, Inc.—New York office at 45 Rockefeller Plaza, New York 20, New York—or write to your National Association office at 315 Bowen Building, Washington 5, D. C. Supply is limited—so be specific about your requests and booking dates.

Every Seventh Family

Association Films Are Reaching Millions Across the Country

Six million people will have seen our movies before Christmas!

Every Seventh Family has now been shown in forty-eight states and the District of Columbia. Our national distributor, Modern Talking Picture Service, Inc., has reported confirmed bookings to 3,142 non-theatre groups including 1,717 educational institutions, 155 service clubs, 243 churches, 329 civic groups, 375 consumer finance groups, and many veterans' organizations, labor unions and youth groups.

It is especially gratifying to note the film's wide acceptance by high school teachers for use as a teaching aid. Great impetus has been given to this practice by the new teachers' manual and guide which has just been made available. The author, Edward Reich, M.S., M.A., Ed.D., of the New York City schools, has had wide experience in the field of consumer education. For many years he was the Coordinator of Consumer Education for the New York City school system. He is well known and favorably accepted as an author and lecturer, "Selling to the Consumer" and "Consumer Goods" being especially well known.

In his booklet Dr. Reich gives the general background of the film, a brief history of borrowing, the characteristics of the Uniform Small Loan Law and a discussion of why consumers borrow. He then shows how to use the film by outlining methods for pupil preparation, practical uses of consumer loans, research and study projects. Then follows a first showing of the film after which he outlines pupil activities and testing to measure the effectiveness of the teaching and of the film in pupil growth. Finally the second showing rechecks ideas, settles arguments and clinches the story. A good bibliography of selected readings, including National Consumer Finance Association publications and the script of the film, conclude the pamphlet.

The Teachers' Guide is distributed directly to the teachers by our national distributor.

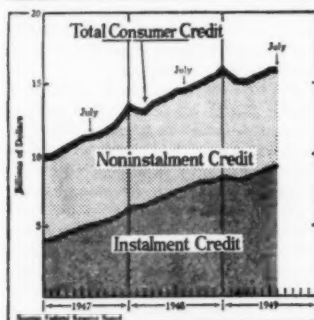
The theatre film, *Who Gets the Credit*, is in great demand. In fact it is necessary to buy twenty-five additional prints to provide more fully for the theatre distribution. We have received notice of confirmed bookings in more than 3,000 theatres already, and in many sections of the country distribution has been delayed for lack of prints. The twenty-five new prints should soon correct this difficulty.

Something new has been added. We had several requests for *Who Gets the Credit* in 16mm for showing at fairs and trade expositions in repeated showings. We have ordered ten prints and they will soon be available for your use. Book them through Modern's New York office, or call or write us for available datings.

Food for Thought

Culled from Here
and There

Consumer Credit



Credit buying climbed higher during July. Outstanding consumer credit at the end of the month totaled \$16,183 million—up \$63 million from June. A year before, \$14,723 million was outstanding. Instalment buying, boosted by a large gain in credit auto sales, rose \$208 million during the month. This more than offset a decline of \$145 million in non-instalment credit. A seasonal decline in charge accounts contributed to almost all the dip in the latter category.

—Wall Street Journal.

I can think of no one with more influence than businessmen who advertise. You have a ceaseless and daily impact upon us all.

But I believe, if you are going to continue to sell through the decades, you must sell also an understanding of the American economic system.

I believe . . . that understanding can be brought about by one means . . . telling the truth.

Never let anything that we say about America be capable of being stood up as a falsehood, evasion, or distortion, because the truth is sufficient.

But this truth must be told and you are in a position to tell it.

—Dwight D. Eisenhower.

Fair Trade Code for Advertising and Selling—

I. Serve the public with honest values.

II. Tell the truth about what is offered.

III. Tell the truth in a forthright manner so its significance may be understood by the trusting as well as the analytical.

IV. Tell customers what they want to know—what they have a right to know and ought to know about what is offered so that they may buy wisely and obtain the maximum satisfaction from their purchases.

V. Be prepared and willing to make good as promised and without quibble on any guarantee offered.

VI. Be sure that the normal use of merchandise or services offered will not be hazardous to public health or life.

VII. Reveal material facts, the deceptive concealment of which might cause consumers to be misled.

VIII. Advertise and sell merchandise or service on its merits and refrain from attacking your competitors or reflecting unfairly upon their products, services, or methods of doing business.

IX. If testimonials are used, use only those of competent witnesses who are sincere and honest in what they say about what you sell.

X. Avoid all tricky devices and schemes such as deceitful trade-in allowances, fictitious list prices, false and

exaggerated comparative prices, bait advertising, misleading free offers, fake sales and similar practices which prey upon human ignorance and gullibility.

—National Association of Better Business Bureaus, Inc.

Recently, in my opinion, there has been too much talk about the Common Man. It has been dinned into us that this is the Century of the Common Man. The idea seems to be that the Common Man has come into his own at last.

But I have never been able to find out who this is. In fact, most Americans will get mad and fight if you try calling them common. . . . It is a curious fact that when you get sick you want an uncommon doctor; if your car breaks down you want an uncommonly good mechanic; when we get into war we want an uncommon admiral and an uncommon general.

I have never met a father and mother who did not want their children to grow up to be uncommon men and women. May it always be so. For the future of America rests not in mediocrity, but in the constant renewal of leadership in every phase of our national life.

—Herbert Hoover, *This Week*.

Proceedings of the Four Round Table sessions at the National Convention in Los Angeles will be published in one pamphlet. Complimentary copies will be sent to each member office as soon as they are ready for distribution.

MEETING SCHEDULE

COLORADO

Broadmoor Hotel, Colorado Springs, March 31 and April 1, 1950

INDIANA

Claypool Hotel, Indianapolis, November 10-11

IOWA

Hotel Russell-Lamson, Waterloo, May 11-12, 1950

MICHIGAN

Belvedere Hotel, Charlevoix, June 29-30, 1950

OHIO

Hotel Carter, Cleveland, November 8-10

OREGON

Multnomah Hotel, Portland, November 11

PENNSYLVANIA

Benjamin Franklin Hotel, Philadelphia, November 9

Our Progress, Problems and Prospects

Keynote Address at the 35th Convention

By RICHARD E. MEIER

Mr. Meier is President of Interstate Finance Corporation and a member of the Board of Directors of the National Association.

Part I

Let's take a little time out to face our problems, analyze our conditions and appraise our prospects for the future. In many ways 1949 is a "benchmark." For the first time since V-J Day, our national economy has experienced a decline in production and in prices. The postwar backlogs of orders have been worked out, as was to be expected. Unemployment has been increasing and the national income is declining. No exception among business enterprises, the consumer finance business, too, is caught up in the confusion of national and international policies; albeit we can point to our record of contribution toward the restoration of economic stability.

Washington authorities estimate that American families will have about \$171 billions of income to spend in 1949 after they pay their income taxes. Two-thirds of these families make from \$1,000 to \$4,000 per year, and they need and must have adequate and sensible consumer financing to realize legitimate wants and desires in the most wise and the most orderly fashion. How shall we meet this challenge of service in a population now nearing 150 million people, two-thirds of them in the income groups to which we devote our thought and attention?

Our Volume Record

"The best of prophets of the future is the past." (Byron). One test of our business is our record of volume. Starting from scratch 35 years ago with the advent of regulated lending under the first enactments of the Uniform Small Loan Law, our progress has been consistent in scope and in usefulness, though subject to the fluctuations of general business conditions in the boom years of 1929, the long depression of the thirties, two world wars and the barnacles of Regulation W. The licensed consumer finance companies of America loaned 1 billion, 540 million dollars to some nine million families in 1948, and ended that year with \$817 millions outstanding in direct consumer loans, all within the ceiling limits of the several state laws. Currently the Federal Reserve Board reports that we



Mr. Meier addressing the convention

have now regained all of the shrinkage in outstandings which we sustained during the spring of this year of 1949. We predict that the volume of loans extended this year will exceed that of 1948 and that 1949 will establish an all-time volume record for the industry. We have become a dynamic force in the mass economy.

Our Service Record

But what of the social and economic responsibilities we assume in administering this dynamic force? Unless these are consistent with and contribute to the general welfare, our stewardship of this force will be in jeopardy. Some among those who have presumed the role of judges of our activities have pointed to our record volume and have charged us with indifference toward, yes, even of encouraging the hazards of overloading consumers and of overextending grants of credit. In sales credit and in cash lending no-less, there is no substitute for character, willingness to pay, ability to earn and to manage one's income. The householder who consistently commits himself beyond his ability to pay out is the chronic credit problem, and the salesman or the lender who permits or induces the practice is an economic fool. These basic fundamentals have been so generally recognized in consumer credit that they have become axiomatic, yardsticks that have been faithfully applied during thirty years of experience. Hundreds of thousands of applications for loans lodged

in the offices of our members comprise irrefutable evidence that this charge of profligate temporizing with the welfare of our customers cannot be nailed upon our doors and made to stick. We do not encourage the incurring of debt—we do encourage and assist in effecting its orderly liquidation.

We have come to know the buying habits and the family budget accomplishments of the American family. The record is good. I like to say that "we do business with the finest people in the world"—I like to say it because it's true. Its truth is evidenced by characteristics, of which I shall name but two: First, they have a high, conscious sense of responsibility to their obligations. It is this characteristic that makes possible the successful operation of this business—not the fear of loss of the pledged security, for that is negligible, but the appreciation of the value of their good name and their credit standing is the impelling motive. The second characteristic is their outstanding ability to manage relatively low incomes. This ability to raise a family, provide decent shelter, food and clothing; and to educate their children on an average wage of less than fifty dollars per week, and at the same time to acquire a goodly share of the convenient facilities of our American markets, is the finest of tributes to the integrity and self-reliance of our Mr. Average Citizen. If any of you doubt that this requires real managerial ability and family cooperative effort, try it sometime for yourself.

The American wage earner and salaried employee is honest and worthy ambitious. He has proved his integrity by paying his commitments. As standards of living increase, consumer desires for durable goods—their wants—increase. The margin between necessities—food, clothing and shelter—and the amount of the paycheck is slender indeed—not enough to pay cash for automobiles, appliances or furniture, or a year at college. If refrigeration could be purchased on a monthly basis like telephone or electric service, most people would buy it that way; but, no, we ask the housewife to buy ten years of refrigeration all at once when she buys a box. She needs this service at once; good health and preservation of food values and efficient living require it now. It is only logical for her, however, to pay as she uses the utility. Even if she spreads the payments over two years,

she is still eight years ahead of useful life when the last instalment is paid and it finally becomes hers.

This process is a system of "dynamic thrift," of self-discipline, of budget planning, and it has brought a higher standard of living to American homes. It is a vast improvement over the old idea of doing without things to save dollars. Nothing has done so much for efficient living—more sufficient family income management among the lower income groups—as this consumer credit system which introduces time- and labor-saving, health-giving appliances when most needed and usable. "Too little and too late" was never more applicable than to instances of infant mortality, chronic illness, frustrated plans and lost opportunity when a timely loan or instalment account could have brought the indicated service or facility. Wise use of consumer credit stands fully accredited in the development of our social progress and our living standards.

From an economic viewpoint, this credit practice has brought prices within reach of the masses. Industry could never afford to spend millions to tool up for the pressing of automobile bodies in an instant, or for stamping steel shapes so quickly, if it could not dispose of its products in multi-million lots to mass buyers who take up this production in a steady stream; stable enough to producers and distributors that their factories and distribution lines will flow evenly. Ford proved this theory years ago. Industry embraces it today. Yes, consumer credit—dynamic thrift—wisely used, is economically sound and desirable.

Our Relative Position in the Field of Consumer Credit

A third test or check in evaluating our business is the relative position of our licensed consumer finance companies in the consumer credit field. Federal Reserve Board estimates go back to 1929. In that peak year, total consumer credit outstandings were 7 billion, 628 million dollars, of which only \$643 millions or less than one-tenth was instalment loans. The small loan companies held \$263 millions or 41% of the instalment loan business of the country. At the end of 1948, instalment loans alone amounted to 4 billion, 72 million dollars, of which we had \$817 millions or 20% of the instalment loan outstandings of the country. After we had pioneered the field of consumer lending on instalments and during the 15 years prior to 1929 had established the soundness of this type of financial service, others were attracted to the field. Credit unions have now attained a volume of over \$300 millions, as have industrial banks and industrial

loan companies combined. Our most vigorous competitor, however, has turned out to be the commercial bank. Under the revived Regulation W requirements last fall 12,206 banks and trust companies registered to make consumer instalment loans. These banks held personal instalment loans of 1 billion, 709 million dollars at the end of 1948, and are still increasing their portfolios. Starting from scratch 20 years ago, the 12,200 banks held about twice our volume in instalment loans by the end of 1948. Our own industry has not quite 6,000 licensed outlets, less than half the number operated by banks.

In view of the fact that we stand at an all-time high in volume (even with the gains made by credit unions and banks), we do not view our competitive situation with too much alarm. We are faced with real competition, but no other agency is quite servicing our field of lending.

Competition is challenging. It is a vital part of the American system. Properly metabolized it results in broadening the base of service, it improves public understanding and acceptance, and it redounds to the public interest. This has happened and is happening in the consumer loan business. Banks and credit union competition, together with the use of the instalment system by the government as a major instrument of its recovery program in the '30's, have done more to promote consumer credit than any other factor in the business. An instalment loan is accepted today as proper and desirable by the general public as never before. This is good for our business and good for the public, for payment out of income holds promise of living satisfactions to millions of American families who could not otherwise hope to improve their standard of living. There is a prophetic note in this observation—a promise of an enlarging scope for our operations, a greater public need for our service and increasing business in the years ahead.

Conditions Facing Our Business

We approach this widening horizon, with confidence, because our industry is soundly grounded on recognized public demand and managerial ability. We have earned a good credit rating with the commercial banks and with insurance companies whose loans to us provide a flexible source of funds with which we operate. At one time, consumer paper was considered distinctly marginal. Experience has now taught that a portfolio of good consumer loans is inherently superior to most any other form of assets. Its value is predicated upon the continuing capacity of the borrower to recover and to meet his liability

in spite of previous reverses, and upon multiple diversification in the spread of our loans geographically and throughout the whole of industry and business. When a commercial business borrower fails because of extreme fluctuations of business or commodity markets or expires in bankruptcy, the loan usually stays dead. Not so with the personal borrower whose wages never undergo the extreme fluctuations of commodity prices. The worker may lose his job, but while he remains alive he may rehabilitate himself and is potentially still a good debtor. He is inherently honest, wants to make good on his obligations, and in most cases does so. There is wide diversification of risk in small amounts. Even in the light of some increasing delinquency, our portfolios of instalment loans are sound. We came through the long depression in the thirties with less loss than commercial loans, less than investments in real estate, and certainly less than investments in securities. Our loss ratios are consistently small and failures have been almost non-existent. Hence our feeling of optimism that our high credit standing with the commercial banks and insurance companies will afford us working capital as needed and at fair rates.

Equity Financing

The growth and development of our business demands more and more capital investment—too much for the resources of small groups within the companies. The same factors of stability, continuity and proven record that have won for us recognition at the commercial banks, have gained the confidence of underwriters and investors and insurance companies. It is a high compliment to find investment bankers and underwriters such as Morgan, Stanley & Company; Rollins & Sons; Dillon Read & Company; Merrill Lynch, Pierce, Fenner & Beane; and local brokers of good standing handling our stock issues. Equally significant are the many subordinated and unsubordinated long term loans by insurance companies including Prudential, Equitable Life, Mutual Life, New York Life, and others. This signifies a studied consideration and acceptance by the investing public that assures our business the same stability and confidence enjoyed by the basic enterprises of long standing in this Nation.

For the moment we are free of Regulation W controls which expired June 30, 1949. We believe that federal control of consumer credit is an iniquitous thing in that it discriminates against lower income groups, adds to the expense of every transaction within its scope, fosters disrespect for government,

(Continued on Inside Back Cover)

Where Are We Headed?

By The Honorable HARRY P. CAIN

Harry P. Cain is United States Senator from the State of Washington. This article contains excerpts from his address at the annual banquet at the 35th Convention of the National Association held in Los Angeles on September 29, 1949.

You of America, the men and women, are going to make of this country precisely what you want to make of it.

I can't begin to tell you—I can't tell myself, though I work in the midst of government every day, where we are going to wind up, but I can tell you on the basis of how I make my living where we are headed.

Our nation is moving in the direction of four totally undesired ends. They are: One, bankruptcy; two, collectivism of some kind—I can't define what; three, a labor government; four, a further and perhaps a total loss in our lifetimes of the effectiveness and the influence and the prestige and the importance of your Congress.

Fortunately, none of us is certain any of these dire and sad predictions will actually come to pass. You, the American people, can make your opportunity to avoid any and all of them. It is not for me to say or to prophesy what you, who vote, will do or when you will get around to do it. I can only encourage you to determine where your nation is tonight in order that you can determine where you want it to be tomorrow. Tonight I can only speak my own views, and now referring to number one, as I shall take each in order as rapidly as I can.

Although the President of the United States and his staff, commonly referred to as the "Administration," ridicules the term "bankruptcy," your nation is threatened with bankruptcy. With 58 million Americans again fully employed and with business in a prosperous condition, our government today can't begin to pay its bills and I speak in the simplest language which I possess.

Last year the American budgetary deficit was something more than \$2 billion. This year's deficit will be closer to \$10 billion than to \$5 billion. Our debt has risen to more than \$255 billion and is still going up. The end is by no means in sight. If this isn't the road to bankruptcy, then in the name of common sense, there is no such thing as bankruptcy. Figure it out for yourselves.

Perhaps three or four brief comparisons by way of example might help you, as they often help me.



Senator Cain addressing the Annual Banquet

One: If everyone in the United States cashed in all of their life insurance policies, the total would amount to \$4 billion. This would not be enough to run your present day government for one year. All of the life insurance savings of 158 million in the so-called enlightened 20th century!

If every urban home owner in this country, and that includes most of you, sold his or her home, the total would amount to about \$30 billion. That is just enough to run our present day government for about eight months.

If every farmer in this country sold his farm, farm equipment and livestock, the total would amount to \$25 billion. The government couldn't run today for seven months on that kind of chicken feed.

If every industry in America converted its net working capital into cash, the total would amount to \$39 billion. That is hardly enough to run Uncle Sam these days for eleven months, and now change pace with me for just one second. In 1932, Mr. Franklin D. Roosevelt, then a presidential candidate, had this to say in endeavoring to become, as he became, the President of these United States. "Any government, like any family, can for a year, spend a little more than it earns, but after that it will be in the poor house." And I raise, as one who represents you in the last voice you have got on the face of this earth, your Congress, the question, "Is there room in the poor house for 158 million people?"

Our second point: Although the

President of the United States ridicules the term "socialism," the program he has advocated in its entirety would seem to follow too closely the disastrous pattern of the present socialistic system in Great Britain at this time. The compulsory health insurance program he urges is what? I don't know what you have done, but I have studied it and thought about it and dreamed over it and prayed about it. It is nothing more or less than socialized medicine, the cost of which not a single agile brain in this great gathering of some five hundred or six hundred can reasonably or accurately estimate.

The administration is all ready with plausible excuses for placing government in the field of what? Your business; private business. If this isn't socialism, then there is no such thing as socialism and we need have nothing to worry about in the future.

You, the citizens of this country, have a big job, it seems to me, to try to understand all of this and have a lot of studying to do to understand today, before the coming elections of 1950.

My third contention, that America for the first time in its history is faced with a possibility of a labor government, will not take me long to define. For a good many months now organized labor has publicized its death list. The names on that list, where mine certainly as your guest will be found, are those who voted for what was known as the Taft-Hartley Law in the 80th Congress and to override the President's veto of that same Congress. Organized labor, the leaders of organized labor, which is greatly different and set apart from the rank and file members of labor, has set out to defeat anyone on the list, beginning with a pretty good friend of mine, Mr. Robert Taft of Ohio. I don't know what is going to happen in 1950 except I know this: that if Robert Taft, who does not believe in licenses for organized labor or organized business or organized anything else—if Robert Taft and his associates are defeated because they believe fundamentally in legislation which seeks and desires to equalize and balance responsibility between the great house of labor on the one side and the equally great house of management on the other—if Americans in your present day Congress who believe in such principles, are defeated, through the expenditure of vast sums of money and by intimidation, it will mean that two short years later those who represent the same point of view will be liqui-

(Continued on Page 13)

The Convention

The Association's First West Coast Convention Was an Outstanding Success

"The tumult and the shouting dies,
The captains and the kings depart."

The 35th Convention and Annual Meeting is history. From September 25 to September 30, 1949, the National Consumer Finance Association activities were centered in Los Angeles.

The National Association of State Small Loan Supervisors held their annual meeting at the Gaylord Hotel, just preceding our convention, and invited the industry to a joint Industry Day conference on Sunday, September 25. T. D. Griffin, chairman, Max P. Shelton, president, Alan K. Dolliver, M. L. Goegelein, B. J. Lenihan and Paul L. Selby comprised the conference committee for NCFA and all participated. Several state associations and some non-member companies were represented. The industry representatives were invited to present their views on issues and problems of state supervision. A free exchange of views in a friendly atmosphere marked real progress toward better understanding and mutual cooperation in rendering better financial service to the public.



Registering for Convention

On Sunday evening, over Station KLAC of Los Angeles, T. D. Griffin and Paul L. Selby participated in the Sunday Evening Forum of the Air. The subject for discussion was "Should the Federal Government Control Consumer Credit?" The proponents were Ludwig Gerber, Los Angeles attorney, and William C. Dixon, special assistant to the Attorney General, Anti-Trust Division. We feel that it was clearly established that the federal government should not control consumer credit, but at least the subject was well aired over California's ether waves.

September 26 was devoted to an important meeting of the Executive Committee for final convention planning, tentative budget considerations, membership applications, and several policy proposals. A reception to the gentle-

men of the press and radio stations followed at 5:00 p.m. and was well attended.

The national Board of Directors met on September 27, to consider and act upon reports of officers and committees, approve a tentative budget for 1950, and a discussion of plans for further Association activities.

The Governing Committee of the Law Forum met after the Board meeting adjourned. The Law Forum held its usual dinner and annual meeting on Tuesday evening, with Chairman John E. Peterson of Iowa presiding. The Publications Committee reported on the Law Forum publications: the supplement to "Annotations on Small Loan Laws," "Index to Legal Literature," published reports of sub-committees, and announced plans for the publication of a new "Compilation of Consumer Finance Laws" in 1950. The Law Forum Bulletin is to continue. The Membership Committee reported 231 lawyers as active members and invited all qualified and approved lawyers in the consumer finance field to become members. William B. Paul, Jr., was elected chairman, and John E. Peterson, vice chairman, for the ensuing year.

The first general session with Max P. Shelton, president, presiding, opened on Wednesday morning, September 28, with the showing of the industry movie, *Who Gets the Credit*. An interesting and generous welcome was given by Lieutenant-Governor Goodwin J. Knight of California. Greetings by M. L. Goegelein, president of the California Loan and Finance Association, were extended, and the response was made by I. L. Brisbin, vice president, NCFA. The keynote address on "Our Progress, Problems and Prospects" was delivered by Richard E. Meier, president, Interstate Finance Corporation, and it gained a great deal of publicity not only in the Los Angeles papers but in papers throughout the nation. A stirring, interesting and educational talk was delivered by Dr. Rufus B. von KleinSmid, chancellor, University of Southern California, on "Current Trends in Our Economy," which concluded the morning session.

A luncheon meeting was held at noon and was addressed by Ed J. Davenport, Councilman, 12th District, City of Los Angeles, on "The Importance of You to Your Industry." His talk indeed was an emphasis of the importance of good public relations.

The second general session consisted of four round table discussions.

Round Table No. 1 on "Checking Your Own Operations," was presided over by Lawrence M. Curtiss, vice president, American Investment Company of Illinois. Those who participated were Perle C. James, assistant to the president, Capital Finance Corporation, who discussed "Telephone Checking and Shopper Service"; E. A. Smith, treasurer, Pacific Finance Corporation, whose subject was "Internal Controls"; Theodore N. Burke, vice president, Interstate Loan Company, who discussed "The Limited Exchange," and Russell C. Mansfield, vice president, Security Bankers Management Corporation, who discussed "The Unlimited Exchange."



Ed Davenport speaking

Round Table No. 2 on "Improving Interviewing" was presided over by Paul M. Shore, director of personnel, Household Finance Corporation. "Interviews with Loan Applicants" was discussed by W. H. Dyas, manager, Public Loan Corporation, San Diego; "Public Relations Interviews" was the theme of M. E. Lerch, regional director of public relations, Household Finance Corporation, Philadelphia; and "Interviews with Job Applicants" was covered by Thomas B. Perry of the Security First National Bank, Los Angeles.

Round Table No. 3 on "Building New Business" was presided over by A. LeRoy Nelson, vice president, Budget Finance Plan, Inc. Hal Wagner, advertising manager, Local Loan Company, discussed "New Business from Advertising Sources"; W. P. Rucklos of Rucklos and Company, Pasadena, spoke on "New Business through Outside Contacts," and H. G. Simms, vice president, Employees Credit Corporation, discussed on "New Business through Recommends."

Round Table No. 4 on "Legal Problems" was presided over by Leo M. Gardner, chairman, Law Committee, NCFA. "Wages and Hours" was the subject discussed by Joseph E. Newton,



T. D. Griffin presenting Honor Awards

Above to A. K. Dolliver

Below to L. J. Ingram



President Shelton and Round Table Chairmen, L. M. Gardiner and L. M. Gardiner



Winners of Golf Prizes and Their Trophies, L. M. Gardiner, F. S. Meyer, W. S. Day, W. B. Paul, Jr., L. M. Gardiner and L. M. Gardiner

Speakers' Table—35th Annual Banquet—National Consumer Finance Association



Los Angeles Convention



M. Curtiss, P. M. Shore, M. P. Shelton, H. W. Gibson, A. L. Nelson.



R. H. Parker, H. C. Peterson, J. E. Harmon, Woodcock, D. Hollenbeck, H. E. MacDonald Green.

ation, Cocoanut Grove, Ambassador Hotel, Los Angeles, California



Board of Directors in Session, September 27, 1949, clockwise: T. N. Burke, D. L. Barnes, J. H. Hendee, C. A. Dougherty, C. A. Gerhardt, C. T. MacDermott, A. P. Snite, I. L. Brisbin, T. D. Griffin, L. J. Ingram, E. Berkeley, M. P. Shelton, B. J. Lenihan, L. Heymann, B. E. Henderson, A. R. Dana, W. T. Christian, M. L. Geoglein, R. E. Meier, P. L. Selby, D. Weir, R. E. Vester, W. R. McAlister, and G. W. Kehr, (guest).



President Shelton Greets Dr. Von KleinSmid as Mr. Selby looks on



attorney, Local Loan Company; "Anti-Trust Cases" was the subject for William B. Paul, Jr., vice president-secretary, Security Bankers Management Corporation; "Allocation of Net Income for State Tax Purposes" was discussed by John E. Peterson, secretary, State Finance Company; "Operating Instructions re Bankruptcy" was covered by Bryan Purteet, Public Loan Company, and a "Report on Proposed Form of Lien to Supersede Chattel Mortgage" was made by Charles S. Kelly of Hubachek & Kelly, attorneys, Household Finance Corporation.

Following the round table discussions, a reception and cocktail party were provided with the West Coast state associations acting as hosts.

On Thursday the third general session was called to order by I. L. Brisbin, vice president. The motion picture, *Every Seventh Family*, was shown, which was followed by a discussion on "Good Public Relations." Speakers at this session included A. T. Danielson, vice president and general superintendent, Barker Brothers Corporation, who spoke on "The Theme of Good Public Relations"; "The Need for Good Public Relations" was the subject of Elliott Taylor, manager, public relations division, Pacific Finance Corporation, and "Public Relations Methods" was covered by Robert B. Wolcott, Jr., director of public relations, California Loan and Finance Association. A review of state association public relations programs followed.

The annual golf tournament was held at the California Country Club in the afternoon, the chairman of which was Roy O. Siemon of Household Finance Corporation, who was ably assisted by Edward Melchione, Los Angeles attorney. The following were the prize winners in the tournament: Lyle S. Woodcock, who had the highest score; Jess Harmon, who was closest to the pin on No. 3 hole; H. E. MacDonald, who had the longest drive on No. 1 tee—he was the first to drive in the first four—some to tee off in the tournament and drive the ball down the fairway 260 yards; W. B. Paul, Jr., had low score on No. 12 hole; Saunders tied with Paul and a draw was necessary; R. H. Breen had low gross in the second flight; R. H. Parker had low net; Dwight Hollenbeck had low gross in the first flight; H. C. Peterson had low net in the first flight; Ferd Meyer had low net in the championship flight and tied with Winfield Day with 79 for the Michigan Trophy and golf bag; there was a play-off, with Mr. Day the winner; Ira Whaley won the blind bogey.

The annual banquet was held in the Coconut Grove and was presided over by Max P. Shelton. An address on



P. R. Panel: Wolcott, Taylor, Danielson and Brisbin, presiding

"Where Are We Headed?" was delivered by the Honorable Harry P. Cain, United States Senator from the State of Washington. He gave a clear-cut and interesting talk. See a synopsis of his address elsewhere in this issue. Distinguished Service Awards were presented to Alan K. Dolliver of Wilmington, Delaware, and to Leon J. Ingram of Columbus, Ohio, by T. D. Griffin, chairman of the Executive Committee, for their unselfish service to the industry. Following the banquet, Dorothy Shay entertained those present and dancing followed. The setting was perfect and the music superb.

The annual business meeting followed on Friday morning. Reports were made by President Shelton; Executive Vice President Paul L. Selby; Secretary Evelyn Berkeley; Treasurer Charles A. Dougherty; Chairman of the Executive Committee, T. D. Griffin; Chairman of the Law Committee, Leo M. Gardner, and Chairman of the Public Relations Committee, B. J. Lenihan. Paul Selby reported among other things that there are 2,563 member offices in the Association representing 535 member companies, and 32 state associations are associate members. T. D. Griffin, in his report, told of the approval of the Executive Committee of the establishment of an Advertising Forum in the Association similar to the Law Forum.

The inaugural luncheon followed and the following officers were announced:

President—I. L. Brisbin, Philadelphia.

Below: Inaugural Luncheon; Carrillo, Shelton and Chase



Vice President—B. J. Lenihan, Louisville, Kentucky.

Treasurer—Charles A. Dougherty, Camden, New Jersey.

Executive Vice President—Paul L. Selby, Washington, D. C.

Secretary—Evelyn Berkeley, Washington, D. C.

An address of the noted motion picture actor, Leo Carrillo, "California's Ambassador of Good Will," concluded the luncheon, which brought the convention to a close.



COURTESY THE CREDITORS OF THE BANK

STATEMENT OF THE OWNERSHIP, MANAGEMENT, AND CIRCULATION REQUIRED BY THE ACT OF CONGRESS OF AUGUST 24, 1912, AS AMENDED BY THE ACTS OF MARCH 3, 1933, AND JULY 2, 1946 (Title 39, United States Code, Section 233)

OF CONSUMER FINANCE NEWS, published monthly at Washington, D. C., for October 1, 1949.

1. The names and addresses of the publisher, editor, managing editor, and business managers are:

Publisher: National Consumer Finance Association, 315 Bowen Building, Washington 5, D. C.

Editor: Paul L. Selby, 315 Bowen Building, Washington 5, D. C.

Associate Editor: Evelyn Berkeley, 315 Bowen Building, Washington 5, D. C.

Managing editor: None.

Business manager: None.

2. The owner is: (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding 1 percent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a partnership or other unincorporated firm, its name and address, as well as that of each individual member, must be given.) National Consumer Finance Association, 315 Bowen Building, Washington 5, D. C. I. L. Brisbin, President and Chairman of the Board, 1428 S. Penn Sq., Philadelphia 2, Penn. B. J. Lenihan, Vice President, Marion E. Taylor Bldg., Louisville 2, Kentucky, Paul L. Selby, Executive Vice President, 315 Bowen Bldg., Washington 5, D. C. Evelyn Berkeley, Secretary, 315 Bowen Bldg., Washington 5, D. C. Charles A. Dougherty, Treasurer, 558 Carman St., Camden 3, New Jersey.

3. The known bondholders, mortgages, and other security holders owning or holding 1 percent or more of total amount of bonds, mortgages, or other securities are: None.

4. Paragraphs 2 and 3 include, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting; also the statements in the two paragraphs show the affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner.

5. The average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the 12 months preceding the date shown above was: (This information is required from daily, weekly, semiweekly, and triweekly newspapers only.)

EVELYN BERKELEY, Associate Editor.

Sworn to and subscribed before me this 10th day of October, 1949.

[Seal] MARGARET H. REEDY.

(My commission expires May 15, 1950.)

New Board Members Elected at Annual Meeting



Wilbur A. Bean

At the Annual Meeting of the National Association held in Los Angeles on September 30, 1949, four members were elected to serve on the Board of Directors for their first terms. Wilbur A. Bean, secretary-treasurer of the Equitable Credit Corporation, Albany, New York, was one of these.

Mr. Bean was born at Beachville, Maryland, and received his schooling in that state. He established himself in business in Albany when he was twenty-four years old and has become one of Albany's leading businessmen.

He has always been active in community and trade association work. He has long been identified with the Albany

Chamber of Commerce and has served as president of the Federation of Sales Executives of Albany. He was president of the New York State Consumer Finance Association for several years and is at present chairman of its Executive Committee.

Andrew T. Coyle, who recently became president of Commonwealth Loan Company of Indianapolis, Indiana, is also a first-termer. As mentioned in an article on Mr. Coyle in the October issue of this magazine, he has had 22 years of varied experience with Commonwealth and knows the consumer finance business thoroughly.



Harold E. MacDonald

The third in the group is Harold E. MacDonald, executive vice president of Household Finance Corporation, Chicago.

Mr. MacDonald has had twenty years' experience in an executive capacity with nationally known chain stores and merchandising companies. For twelve years he was associated with Montgomery Ward & Company, where he advanced to vice president before he left to become vice president of Schenley Distillers, Inc., remaining in that capacity for four years.

He is a native of New England and attended the Massachusetts Institute of Technology.

Mr. MacDonald is also a member of the Board of Directors of Household.

Wallace C. Tinsley is the fourth member of the group. He is secretary-treasurer and general manager of the Mutual Finance Company of Tampa, Florida. He was one of three stockholders when the company was organ-



Wallace C. Tinsley

ized in 1927 and purchased the interest of his two associates. The company is now a locally owned institution with numerous stockholders.

Mr. Tinsley was born in Culpeper, Virginia, and reared on a farm there. He graduated from Virginia Polytechnic Institute, class of 1919 in Agriculture (S.S.) and is still vitally interested in the subject, particularly pasture improvement, orange groves and livestock in Florida.

Mr. Tinsley attended the first meeting of the consumer finance group held in Florida and has missed only three state association meetings in 22 years. He served two terms as president of the Florida Association, has been on its Executive Committee for 22 years and has been membership chairman for 15 years. He is a member of the Board of Directors of the Tampa Merchants Association, member of the Tampa Kiwanis Club, Tampa Executive Club, Chamber of Commerce, is a 32nd Degree Mason, Shriner and Elk.

Mr. Tinsley also takes an active interest in the work of the 4-H Club of the Junior Chamber of Commerce.

No one objects to how much you say, if you say it in a few words. Brevity is the child of silence, and is a credit to its parentage.—*Wesley News*.



Andrew T. Coyle

FOR

Interest-computers

WRITE

Albert M. Hunter, Inc.

112 No. 7th St. Philadelphia 6, Pa.

Personalities

?

This month the personality is "the little man who wasn't there." Are you one of those? Has your company been represented in this column? We know that there are hundreds of interesting personalities in the consumer finance business; in fact, we have some stories in file right now for future publication. But this month we decided to hold back on them in order to point out that this is your column and it is only from the members of the Association that we can get material for it.

Perhaps you have thought of someone whose picture and story you would like to see in this space but you just haven't gotten around to doing anything about it. Maybe you have even considered sending in your own. Don't be modest about it; people like to read about other people and it has been said that people like to see their pictures in print.

It really doesn't take too much effort. All we need is a picture—a good snapshot will do—and a brief biographical sketch; be sure that it contains the little things that make for interesting reading and make the story just a bit different from the one anyone else can tell.

We feel that we are missing too many people who ought to appear in this column but we can't do much about it. However, all of you members can. You can either send the material in yourselves or urge others to do so. How about it?

DIRECT MAIL AIDS for the LOAN BUSINESS

- SPECIAL INSERTS, BLOTTERS
- DELINQUENT NOTICES
- CREDIT CARDS
- MAILING PIECES

Write for Samples



DUNCAN PRINTING Corporation

Ralph E. Duncan, Pres.
714 North Capital Avenue
INDIANAPOLIS 4, INDIANA



TWENTY Years Ago in the News

Industrial Lenders News, November 1929

National Officers, 1929-1930:

President, Albert P. Snite; Vice President, T. M. Kaufman; Executive Vice President, W. Frank Persons; Treasurer, T. J. Harrison; Secretary, G. W. Kehr

Business must understand that, as such, it has no sacred privileges which the public is bound to respect. It must realize that if it is to retain its legitimate liberty it must win and keep the public confidence; and the only way to win public confidence is to deserve it. Business liberty is held on the tenure of good behavior, and we cannot say of the public that what it doesn't know doesn't hurt, because it does hurt—hurts both the public and business.

If the public is intelligently to appraise and clearly to understand the public value of our economic processes and fairly to judge the character of business practices, it must be an informed public. Its information must be kept fully abreast of the rapid and extensive manifestations of business evolution.

—U. S. Chamber of Commerce President Butterworth.

The word "service" is one of the most interesting in the English language. Webster defines "service" as "assistance or kindness to another; benefit." During the last business decade this word has been worn thin by much loose, irresponsible handling until it must be appraised in connection with the character or resources of the individual or institution offering it.

Many have grasped the word "service" as the means of convincing the public of something which does not actually exist. Service, as it applies to a business institution, must not be judged as a fixture—it must be actually imbedded in the hearts of the individuals responsible for the relations of that institution to the public. Properly appreciated, the idea of service, rather than the word "service," has no limitations. It is questionable whether we in the business of financing the American family really and truly appreciate the enormous service we can render to mankind. The mere advancing of dollars and cents to the individual in need of money is, upon analysis, the least of our service to the public; that becomes merely a business transaction. That relieves the immediate emergency but to be of lasting benefit the service of the loan manager must go a step further. It is one thing, of course, to get a man out of debt and it is quite another thing to keep him out. Our business presents a splendid opportunity to serve both of these purposes.

According to the latest estimates and figures, there are now more than 3,300 licensed finance offices in our business in the United States with total outstanding loans of \$175,000,000 as against 2,300 offices and \$100,000,000 of loans 2½ years ago.

Where Are We Headed?

(Continued from Page 6)

dated from your Congress and immediately thereafter your American Congress in the 20th century will consist, it seem to me, of men and women, who for the most part, are committed to the wishes and the will and the whims and the dictates of an organized special segment of our society and I think that it is high time that people in public life endeavor, as best they can to define some of the issues which lie before us.

We want this country, if it is our kind of a country, never to be run by any special segment of our society, be it labor, be it business, be it your profession or anything else.

My fourth point is that your Congress is on the way out. I want to spend most of my time on this and that won't take long. I feel as deeply as I do because, fortunately, as a relatively young American in the Senate, I have had the privilege for 15 years of living as a soldier and as a civilian through the rest of this world. I know what the elimination of parliaments have meant to the standards of living and to the hopes and aspirations and the dreams of such people as you and I. I don't want that to happen here.

The men who wrote our Constitution realized the importance of a balanced power and our legislative agency in America is still separate, the legislative from the executive, but under the present system, this separation is rapidly disappearing. The executive is gaining the power to make its own law and to control the courts, although the structure outwardly appears to be unchanged. I think I am talking about a revolution in this 20th century which goes on unknown, under the very noses of a great majority of the American people.

There is no need for an American Congress if its function, and this is what its function has largely been in recent years, is merely to write laws, conveying to the President in pleasing language the power to do whatever he likes. The role of Congress is to lay down restraints on the executive branch of government and to define the channels through which the executive power is to flow.

We tend to forget that executive power is physical and substantial; it is the power of the military leader or the commander-in-chief. Executive power can be wielded by a strong and ruthless individual and his henchmen. But legislative power requires the voluntary support of a sophisticated and self-disciplined people. You are the power, you are the people behind the Congress of the United States, and unless you

recognize your force behind that Congress, it will become even more rapidly a disintegrated, futile, meaningless body on the face of the earth. The greatest forward step was made by the English speaking people when they turned from a council or mass meeting to a small body of representatives to keep watch over the chief and his personal ideas.

The political problem of our present republic today is just as simple as it was centuries ago. It is to insure that the ruler, whoever he may be, is curtailed in the use of public money and you sit down with your pencil and paper and try to prove me wrong. We call it parliamentary protection of our liberties. The power of the legislative. It used to be called more accurately the separation of the purse from the sword. Our forefathers knew what we forget, that the chief of state also possesses the sword. The people can control the sword only if they keep control of the purse, which is power to supply the armies, or in our more refined age, to control the salaries of the bureaucracies. I don't know how far it is going to go, but we have about two and a half million who aren't adding one single iota to the productivity of America.

It costs us more today to run our government in the fiscal year 1950 than it does to feed 158 million American people, so it ought to be realized that Congress is not only a part of government, but a defense against government. It is a wall which the people have built to insure that the chief, whoever he may be—he might just as well be a Republican in years to come—whoever he may be, and I mean that, cannot send his armies to punish the leaders of the people or to take their property except as the people's representative, the Congress, decrees.

Mussolini said, "I will not take from the people their legislative toy." Hitler and Stalin usurped the power of the purse and gained the power of the sword. Similarly our different programs for big spending since the early '30's have been variations of one central plan to give the executive free money—money he could use as he saw fit. In WPA, PWA, Lend-Lease, and all the rest of the emergency legislation, Congress never insisted and Congress was never allowed to say how the money was to be spent or define the exact powers and duties of the spending agencies. That discretion is all any executive will ever need for if the law is not precise, Congress will never know whether the executive actually obeys the law and as one who is in your Congress, I say that we have been frightfully guilty of flagrant carelessness in writing laws which were nothing but broad generalities under which the

power of the executive has constantly increased. Generalities are not law, no matter how legally they may be dressed up in sections and articles. Keeping the traditional form of law is merely part of the deceptive process. It is through flagrant and venomous language, cast in legal form, that the executive has gained the power to design what laws it will and will not observe.

The American people depend for their liberty on the strength with which Congress can impose restraints on the spending of the executive; otherwise, the sword and the purse are reunited in the hand of the ruler and his following. Then all the gains the armed citizens have gained in 300 years will be lost. Your present day Congress, both Democrats and Republicans, is the last absolute parliament on the face of this earth.

I came tonight not to tell you where we are going, but to suggest as best I could where we are headed. And if I am right, as I so sincerely think I am right, the answer to the future lies not, it seems to me, in the Congress as it is now constituted, but lies within the desires and the directives and the ambitions of the majority of the American people.

You people can rush within a couple of years so far to the left you will never get back, or you can turn, it seems to me, not violently to the right, but back somewhere where General Eisenhower calls it the middle of the road. The contest and challenge is up to you, you and me, the American citizens, a member of the greatest fraternity on earth, the brotherhood of free men. Because a million American citizens have died, and millions have suffered in the wars of this republic, you and I enjoy a greater freedom than any other citizen of any other nation in any other period in all of the history of mankind. You and I have greater freedom to worship, to learn, to love, and to pray; ours is the freedom to do, to compete, to invest, to invent, to save, to create, to promote, and we have the freedom to choose, to join, to vote, even though we often pass it by. We have the freedom to speak and to walk with our heads high and you and I are free to be our own selves as an individual human soul. You and I are free to glorify Almighty God. I say as an individual, I am responsible for this freedom.

The answer to where we really will go lies in the number of responsible Americans in the years which lie ahead.

Men usually get somewhere when they develop a brake for the tongue and an accelerator for the brain.—*Gas Flame.*

A Glance at What They Are Doing

Byrd E. Henderson, president of Household Finance Corporation, and **Earl Larsen**, treasurer, also of Household, headed up the Consumer Finance Division of the Chicago Community Chest Fund Drive this year as chairman and co-chairman, respectively. Again this division was the first to go over the top. Mr. Henderson has well earned his "Oscar" and that goes for Mr. Larsen, too. It is nice to know that in all Chicagoland, our industry was the very first to reach its quota.

Wallace C. Tinsley, captain in charge of the finance company solicitation in the Community Chest Drive in Tampa, Florida, was delighted when the employees of his own company over-subscribed their quota. Mr. Tinsley said he was confident that the other firms in his division would do as well or better, and that the consumer finance companies will more than make their goal.



Left to Right: Judge Charles I. Dawson, Governor Earle C. Clements and B. J. Lenihan.

B. J. Lenihan, Judge Dawson and Governor Clements are sparking the drive to raise \$150,000 in support of an amendment to lift the \$5,000 salary limit on public officials. Mr. Lenihan is president of the Kentucky Constitutional Education Foundation which has launched the campaign to put across an amendment to the State's Constitution.

Ernst A. Dauer, director of consumer credit studies, Household Finance Corporation, while in Los Angeles attending the annual convention of the NCFCA, spoke on the subject "Consumer Credit—Yesterday and Today" before combined classes in credits and collections at the University of Southern California on the morning of September 27; to combined classes on economics and consumption and corporate financial policy on the evening of September 28 and to combined classes in financial institutions on the morning of September 30. On September 29, he addressed

the Economic Section of Town Hall of Los Angeles at a luncheon meeting on the subject "Should Consumer Credit be Subject to Government Regulation?"

Hal Wagner, advertising manager of Local Loan Company, represented the industry by addressing two important conventions in October. Mr. Wagner appeared before the national convention of the Brewers Association in Chicago before an audience of approximately 1,000 and several days later spoke at the annual convention of the Ohio Association of Real Estate Boards.

Charles M. Morrison, secretary-treasurer of the Cheboygan Finance Company, Cheboygan, Michigan, was elected president of the new Cheboygan-Parent-Teachers Association by a unanimous vote. Mr. Morrison is a member of the Board of Directors of the Michigan Consumer Finance Association. He is very prominent in community and civic activities in Cheboygan as well as being a former District Lieutenant-Governor of Kiwanis International.

A. J. Sietloff, secretary of the Indiana Association of Installment Credit Companies, Inc., received the honorary 33rd degree of the Supreme Council of Scottish Rite Masonry at ceremonies at the Palmer House in Chicago on September 28.

Satisfaction Guaranteed

The other day one of the customers of our Milwaukee, Wisc. office stopped by to renew her account and in the course of the discussion expressed her gratitude and thanks for the service we have given her and her husband in the past eleven years.

With their first loan of \$200 the couple made a down payment on a small twenty acre farm, carrying a \$3,800 land contract. In successive loans during the intervening years, the customer invested approximately \$15,000 in additional land, equipment and cattle until the couple now owns 200 acres, 60 cows, and assorted poultry—all this in addition to raising two children. While their mortgage is \$9,000 the estimated "as is" value of the farm is in the neighborhood of \$55,000 with a net income of from \$400 to \$500 per month, principally from milk, feed, and poultry.

This account is a fine illustration of how intelligent consumer borrowing can influence a family's future. Our Milwaukee office has a standing invitation for the personnel to pay a visit to the farm at any time.

—Public Loan Corporation.

Former Board Member Dies



John L. Rush

John L. Rush, widely known for his legal work in the field of consumer finance, died in Los Angeles October 19 after a short illness.

He had been associated with Pacific Finance Corporation in a legal capacity since 1924. In 1934 he was elected to the board of directors, and assumed the title of general counsel in 1944.

He had served on the board of directors of the National Consumer Finance Association, and at the time of his death was a member of that organization's Law Forum.

Mr. Rush was born in Denver, Colorado, May 6, 1896. He was a graduate of the University of Colorado and of the Stanford University Law School. He had been a resident of Los Angeles since completing his legal education. He was the son of John L. Rush, Sr., at one time a prominent Colorado attorney, who held the offices of district attorney and superior judge in Denver before moving to Los Angeles. Until his death eight years ago he practiced law in California.

Mr. Rush is survived by his wife, Mrs. Elizabeth Rush, and two daughters, Elsie Jean Rush and Mrs. Virginia Lloyd, both residents of Los Angeles. Funeral services were held in Los Angeles October 21.

State Association Activities

Massachusetts

Charles J. Ahearn, treasurer of Northeast Finance Corporation, Mattapan, was re-elected president of the association at the 28th Annual Meeting at the Sheraton Hotel, Boston, September 13, 1949.

Elected to the Executive Committee were Thomas P. Corcoran, Pioneer Loan and Finance Corporation, Westfield; Francis M. Gannon, Beneficial Management Corporation, Boston; Elmer J. Lutz, Public Loan Company, Boston; Charles T. MacDermott, Merchants Acceptance Corporation, Worcester; John L. McHenry, Local Finance Company, Boston; Martin W. Newman, Practical Bankers, Inc., Boston; Joseph B. Powers, Family Loan Corporation, Boston, and Louis Schwartz, Coleman Finance Company, Inc., Boston.

Officers elected at this session were Charles J. Ahearn, president; Alfred F. Wilmouth, first vice president; Arthur E. Jasmin, second vice president; Thomas H. Hoare, secretary, and Charles T. MacDermott, Jr., treasurer. Committee chairmen appointed for the ensuing year by President Ahearn were: Public Relations, Martin W. Newman; Membership, Alfred F. Wilmouth; Publicity, Ernest F. McNeil.

The Twenty-eighth Annual Meeting featured an address by Mr. Charles H. Watts, chairman of the board, Beneficial Management Corporation and president of the Newark, New Jersey, Chamber of Commerce. Mr. Watts discussed the future of our business as he sees it after twenty-five years as head of the Beneficial organization. He stressed the need for a continued concern for public relations to insure a constant and steady development.

Following his address, a plaque was presented to Mr. Watts in behalf of the association by Mr. Charles T. MacDermott.

Pennsylvania

The Pennsylvania Consumer Finance Association held its Third Quarterly Meeting of 1949 at the Hotel Hershey, Hershey, Pennsylvania, September 12-13, 1949.

A few routine matters were soon disposed of by the Executive Committee at its meeting Monday afternoon with a full attendance. Chairman Brisbin then presented a proposal that had been offered to have the Pennsylvania Consumer Finance Association sponsor a group insurance plan for its membership. He stated that the purpose would be to enable member companies, espe-

cially smaller ones, to obtain straight life, health and accident, hospitalization, etc., insurance at rates not otherwise available. After considerable discussion the committee agreed to give the idea favorable recommendation to the Board of Directors subject to satisfactory assurance that the plan would not increase the work of the association office; that it would not disturb the tax-free status of the association; and that the association would in no way be responsible for its general promotion.

The final act of the Executive Committee was to formulate and approve plans and program for the 35th Annual Meeting of the association to be held at the Benjamin Franklin Hotel, Philadelphia, November 9, 1949.

President Frank C. Hallowell called the meeting of the Board of Directors to order at 9:00 p.m., Monday, September 12.

The reports of officers and standing committees were received.

Treasurer Buck and Secretary Sexton reported good results in collecting dues for the second half-year. Four resignations were reported but two were for offices that had been sold, and in a third case the sale was pending. One member was suspended for non-payment of dues.

The secretary presented applications from four new members. These were accepted for recommendation to the membership meeting.

The Board approved a corrected interpretation of the method of calculating membership dues. This was presented by H. L. Buck as chairman of a committee appointed for that purpose.

The first feature on the program for the 13th was the panel discussion conducted by Director R. G. Kirschmann. The general theme was "You and Your Business." Mr. Kirschmann was ably assisted by S. A. Reimert, H. W. Gibson, Miss Edith E. Widdall and A. G. Hittinger, all of whom presented short papers, and by Paul M. Lobb, D. J. McCaffrey and J. W. Nelms as discussants. The association has never sponsored a program feature that sparked more lively participation. The panel members were splendidly supported, quizzed and challenged by members in the audience.

I. L. Brisbin, at conclusion of the discussion, said it was one of the best things he had ever listened to at any sort of association meeting. He spoke the feeling of all present and especially he gave a large share of the credit to the masterful handling of the affair by Mr. Kirschmann.

The regular business meeting of the

membership was called to order by President Hallowell immediately following the conclusion of the panel discussion. The reports of officers and committees were presented as given to the Board.

Applications for membership were approved as recommended by the Board. These represent a net gain of eight, bringing the total count up to 378, the largest in association history.

Under the call for new business I. L. Brisbin, chairman of the Executive Committee, presented the proposal for the association to sponsor a group insurance plan for the membership. Following a period of discussion, a motion was adopted referring the matter to the Executive Committee for further study and final recommendation at the next meeting.

At the conclusion of the business meeting the whole group adjourned to the main dining room for an excellent lunch.

R. W. (Bob) Farlow, of Girard Investment Company, Pottsville, contributed much to the success of the meeting. He, being somewhat of a photographer, was on hand with his camera to make group pictures. But a more important service was his showing of the two films, *Every Seventh Family*, and *Who Gets the Credit*. He had brought along his own equipment for that purpose. These movies were shown in the afternoon.

The whole quarterly meeting ended in good fellowship and a feeling among the group that the program had been very much worthwhile.

Washington

The members of the Washington State Association of Small Loan Companies were treated to another fine picnic at Money Creek on August 21, under the capable chairmanship of Tom Barto, assisted among others by Andy Anderson, Harry Crutcher and wives. There were almost 100 members and guests attending.

Tender corn on the cob, coffee, cantaloupes, ice cream and delicious smoked salmon, expertly prepared by Tom Barto, were furnished in quantity. Tom's excellent salmon lived up to and if anything, surpassed what he has served before.

The fame of our annual Money Creek picnic even enticed Mr. and Mrs. Ray E. Vester to fly up from Portland to attend. They were accompanied by Mr. and Mrs. Al Constans. Among guests present were Mr. and Mrs. Ray Carrell and Mr. and Mrs. George Lewis, Dept. of Banking, State of Washington.

Our thanks go to Tom, his committee and all the others who helped to make another Money Creek picnic a success.

Cases in Credits and Collections

By Theodore N. Beckman
Professor of Business Organization
The Ohio State University
and Schuyler F. Otteson
Associate Professor of Marketing
School of Business, Indiana University
376 pages, 6 x 9. \$4.50

This distinctive new case book consists of an introduction and 60 cases taken from the files of credit departments and referees' offices, changed only enough to prevent identification, and edited and reorganized to enhance the value of the material.

The cases cover both consumer and mercantile credit, and are representative of various retail, wholesale, manufacturing, and financing businesses. Each case includes the decision reached by the credit manager, and gives reasons for his decision. Questions are presented at the end of each case.

Every effort has been made to secure and present actual, not synthetic cases, which are therefore typical and hence recurrent. As a result, the cases will not be dated but will be *timeless*, and will not be affected by changes in business conditions, except where so indicated.

The book is up to date, and the cases cover the subject up to the present, including such development as the floor financing of inventories as well as the financing of sales by dealers through a finance company. Bankruptcy procedure is dealt with more comprehensively than usual.

Although the treatment is eminently practical and realistic, the material is tied closely to principles.

Contents

I. Place, Organization, and Functioning of a Credit Department.

II. Granting Credit to Consumers on Charge Accounts.

III. Credit Extension to Consumers on Installment Accounts.

IV. Mercantile Credit Granting to New Customers.

V. Mercantile Credit Granting to Old Customers.

VI. Emphasis on Financial Statements in the Extension of Mercantile Credit.

VII. Use of Credit Limits in Consumer and Mercantile Credit.

VIII. Collecting Past-Due Accounts from Consumers.

IX. Collecting Accounts from Business Concerns by Regular Procedures.

X. Collecting from Business Concerns by Special Methods and through Use of Extensions, Compositions, Assignments, Liquidations, and Bankruptcy.

Copies available from McGraw-Hill Book Company, Inc., 330 West 42nd Street, New York 18, N. Y.

MICROFILMING

"Specialists in serving Loan and Finance Companies"

INDUSTRIAL MICROFILMING

505 Fifth Avenue

Murray Hill 2-0326

New York 17, N. Y.

Letters re Collection of Foreign Accounts

Dear Mr. Gibson:

The writer has followed your articles in the two recent issues of our national magazine. Your thoughts and desires are admirable; however, it is but wishful thinking.

Fortunately I have managed an office during the last depression and since the beginning of the last war. With that experience in mind I would like to point out why such a condition developed since 1941. Today we are sending a boy on a man's errand; prior to the war and during the depression we had men in our business who knew the importance of collections, as well as sensible lending; managers knew and realized the importance of helping one another, besides they knew how to collect an account. Today a very large percentage of managers are men who have entered our business during the lush period from 1940 to 1949; they have absolutely no knowledge of proper collection procedure and from my contact with many of this type manager they know very little about lending.

A great many offices throughout the country cannot collect their own slow accounts so it appears to be a waste of time to ask them to collect yours. Reviewing some of the correspondence I have received from managers throughout the business with regard to the method and manner they used in the

approach of some of my accounts sent them for collection leads me to believe that before we can stress a program of this kind they should be taught the principles of collection.

This letter may seem quite pointed but since reading the original article I have had these thoughts on my mind and feel somewhat relieved in letting you know how I feel and quite possibly may have expressed the thoughts of some of the pre-war managers.

The writer is not affiliated with the larger chains but in all fairness I must give credit to Household Finance Corporation who does make some effort to assist in cases of this kind. The independent it seems is the worst offender. They it seems want full cooperation on their foreign accounts but give practically none to those sent to them for collection.

In view of the above thoughts the writer deems it necessary to forward this letter unsigned for reasons of my own.

Yours very truly
A MANAGER.

Dear Mr. Gibson:

Your efforts and the efforts of Mr. Leach have filled a crying need, particularly in the case of the small independent unit such as my own.

By the number of foreign collections sent to my small office, it is quite apparent that the outside lenders find no satisfaction in sending their foreign accounts to the "name" companies.

My experience in our own foreign



How About Your HOLIDAY BUSINESS?

"MISSOURI"

DIRECT MAIL IDEAS NOW READY

Early returns indicate that "MISSOURI'S" 1949 HOLIDAY BUSINESS-BY-MAIL pieces will establish an all-time record of acceptance by aggressive, oncoming Small Loan Managers.

By all means see them BEFORE you place your Holiday Business-getting Program. Your request by letter, card or phone will bring a complete set by return mail. No obligation on your part.

MISSOURI PRINTING & ENGRAVING CO.

3160 Easton Avenue

St. Louis 6, Missouri

Producers of Everything That's Printed for the Small Loan Business

accounts sent to others is indeed unhappy. On the most part, the "name" company, if they do make any effort at all on my behalf, it is so superficial and executed by, perhaps, the least experienced of their help that their work is wasted. As far as the smaller companies are concerned, they, too, for the most part give no effort either. Yet, my results are better with the small companies than with a larger one.

Unquestionably, some incentive is needed beyond moralizing and wishful hoping about the success of the Golden Rule. Yet I feel that we ought to try at least the procedure outlined in your article in the September issue of "Consumer Finance News." I am positive that there must be hundreds of us who need the help of the others so badly that we would do most anything on our own part to assist.

May I congratulate your office in Toledo, Ohio? They processed one of our accounts so quickly, so well and reported results so completely that even I, who make every effort to do the same for others, was surprised. It leaves me with a very fine feeling for your company, of which I am, at least, a namesake. Be assured that your efforts on foreign accounts are deeply appreciated by small fellows like myself and you can rest assured of the most complete cooperation with or without pay.

Respectfully yours,
CAPITAL FINANCE CORPORATION,
(s) H. S. Robbins,
Manager.

Our Progress, Problems and Prospects

(Continued from Page 5)

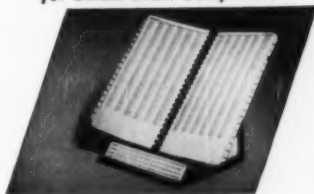
and is a futile and useless waste of taxpayers' money. We know that there are active influences at work in Washington for revival of this authority which we oppose so vigorously. We trust that the members of this industry will use the present freedom from federal regulation wisely and as an opportunity for further proof of our ability for self-regulation by sound operating policies.

Legitimate and ethical business promotions are available to us, including related segments of consumer credit. We are skilled in using them. Since without exception and in the face of double and triple increases in operating costs, we are "serving the same blue-plate special" we offered before the war, we must maintain an ever-increasing volume to minimize unit costs and to show a profit while rendering the maximum service to borrowers. Statutory rates have increased in no state—in some they may have been reduced; but salaries, rents, leasehold improvements, installations and supplies have universally increased "by leaps and bounds." Only by ingenious and able management and by aggressive diligence in attracting a substantial portion of the available consumer credit business can we continue to offer the same prewar "mark-up" to our customers, while retaining our present and attracting new investors.

(Part II will appear in the next issue.)

LOWEST PRICE INTEREST TABLES

for Small Loan Companies



\$13.50 each

(Some rates above \$300—\$18.50 each)
Stand with built-in Time Finder \$11
(No need to buy a new stand if your rate changes)

★
Accurate to the penny—Quick and simple in operation—Easy for new employees to use—Sturdy, durable.

Hundreds of satisfied users, including Household Finance, Public Loan, Commonwealth Loan, Liberty Loan, and other chain and independent companies.

10 DAYS FREE TRIAL
ORDER ONE TODAY!

JOHN DICKINSON SCHNEIDER
833 North Orleans Street • Chicago 10, Illinois

NOTE No dealers—no salesmen—we sell by mail only to keep our prices down.



**AN
IMPORTANT
ANNOUNCEMENT...**

Now available — free samples of one of the most effective and productive HOLIDAY ADVERTISING IDEAS ever offered to the lending industry.

Send these new, exciting HOLIDAY CASH FOLDERS to your own accounts and to New Customers, then ADD UP YOUR RESULTS!

WARNING! We think it only fair to warn you now . . . that once you SEE THEM . . . you'll want to USE THEM.

Write for your Free Samples today. No obligation, of course.

*Distinctive
Advertising Service*

P. O. Box 1182 Albany, N. Y.

SIMPLIFIED LOAN FORMS

FINANCE BUSINESS FORMS COMPANY
100 NORTH LA SALLE STREET
CHICAGO 2, ILLINOIS

DESIGNERS AND MANUFACTURERS OF SIMPLIFIED, TIME-SAVING LOAN FORMS

*Your
Assets Made
Accessible
As Low As*

2% PER ANNUM
No Collateral
No Red Tape

Resolute will maintain your compensating balance for you in your bank, thereby giving you additional working capital. Any amount from \$10,000 to \$500,000 available . . . with interest as low as 2% per annum. No collateral required . . . no red tape. Over \$5,000,000 has already been borrowed by loan companies for this purpose.

Send coupon for Complete Details

MAIL
THIS
COUPON
TODAY

RESOLUTE INSURANCE CO.
83 Chapel St., Hartford 3, Conn.

Please send me full particulars on your Compensating Balance Plan without obligation.

NAME _____

FIRM _____

STREET _____

CITY _____ STATE _____

RED FEATHER CAMPAIGN



GIVE . . .
GIVE ENOUGH

RED FEATHER CAMPAIGN



GIVE . . .
GIVE ENOUGH